

BLM Cedar City Field Office Site Inspection Report

Feb. 26, 2009

File: UTU-79327
Color Country Rock Products, LLC;
Rhyolite No.1 Sales Contract

Inspector: Ed Ginouves, CCFO Mining Engineer

On Feb. 25, 2009, I made a routine visit to the Rhyolite #1 decorative rock contract area. The previous inspection was made on Dec. 12, 2008. The purpose of the visit was to monitor site activity.

The contract for this site was originally granted in June, 2001 to remove 5,000 tons of decorative rock over a one-year contract period. The royalty rate was \$0.80/ton and the entire royalty amount of \$4,000 has been paid in advance of material removal. Only a small of rock was removed during the initial one year contract term and the operator was granted a one-year extension, and then a three year extension in which to complete the removals. Until September, 2005, the site had been inactive and unchanged for over three years. In September 2005, the permittee arranged for Coughlin Co. to mobilize a crushing / screening plant to the site and process the shot rock into crushed groundcover. The processed rock was left on site; this was estimated to be ~2,000 tons (by me, see inspection report dated 12/2005). The original contract expired in June, 2006, with only a nominal amount of material removed from the site. Any processed material left on site was forfeited to the BLM on Sept. 30, 2006, when the 90 day grace period ended.

CCR applied for, and received, a new contract in November, 2006 to remove up to 2,000 tons of processed rhyolite over a five year period ending Dec. 31, 2011. The royalty rate for this new contract was \$1.00/ton. The site is reclamation bonded for 3.5 acres of disturbance (\$15,000), with current disturbances totaling 2.1 acres. In the last week I became aware that CCR is working with Coughlin to have the mine permit and reclamation bond transferred to Coughlin. It would appear that Coughlin will soon be the operator of the site; I will have to contact CCR to see if they will remain the permittee for the sales contract or transfer that also.

The weather was sunny, mild and windy. Site conditions were damp from recent rains and snowmelt.

Inspection Findings: There was no evidence of site activity from those noted in the prior inspection. There was no equipment on site and no evidence of any significant removals from the stockpiled material. There had been no increases in site disturbances since the prior inspection; site disturbances remain at 2.1 acres, not counting any of the graded access road to the site from the County road.

Processed / stockpiled material remains on site; there have been no significant removals from these stockpiles since the prior inspection. Mustard, Russian thistle and cheatgrass have invaded all of the disturbed areas, but there were no noxious weeds. Rabbitbrush has also become established on the disturbed areas.

No GPS data was collected. A photo was taken from the adjacent hillside.

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